

Company:	Rating:	Target Price:	Sector:
Arterra Bioscience	Buy (confirmed)	€3.8 (from €3.6)	Health Care, Biotech

Momentum continues: Arterra delivers another record 1H

October, 20th 2025 at 18:00

1H25: Cosmetic actives sales reach (again) all-time highs. Better revenue mix and grants drive EBITDA.

Sales of cosmetic actives hit a historic record in the first half of the year, exceeding €2.2m (15% yoy). Volumes also reached an all-time high, just below 8,000 kg, with the price per kg at peak levels, driven by an improved product mix. In fact, the share of actives destined for functional make-up continues to grow. Except for the cyclical dip in 2023, both volumes and revenues have shown consistent growth. 1H18-1H25 turnover CAGR exceeds 10%. VoP rose by 36% yoy in 1H25, supported by the return of research grants, which now account for 18% of the total, from 13% in 1H24. This significantly boosted EBITDA, which reached €1.18m, just below its historical peak in 1H22 (€1.2m), and returned to near-record margins of ~40%. Net profit surpassed €1m, also marking a new high, despite a write-down. No taxes were incurred thanks to the Patent Box. Net cash increased to €5.7m at the end of June.

2025E: few adjustments amid strong 1H

Regarding our 2025 forecast, we might be a bit conservative on the estimated volumes of Cosmetics (15,500 kg) but we decided to leave them unchanged (vs our previous Company Update in April) as the 1H25 weight on FY (54%) is basically in line with past semesters. We have instead increased the average price per kg as the increased weight of actives for functional make up compared to those for skin care in the revenue mix will likely continue driving prices upward. Our projection for Research grants in FY25 is in line with the 1H; therefore, we see €4.8m Turnover (+16% yoy) and €6m Total Revenue (+14% yoy) this year, including €1.2m Research grants, keeping a 20% contribution as observed in the first semester. For EBITDA, we have factored in production efficiency gains realized in the 1H25 and attributable to an improved revenue mix, reducing the incidence of raw materials and services on sales from 34% in FY24 to 31% in FY25E. We have also accounted for 4 new hires, resulting in an EBITDA of €2.1m or 35% margin, some 100bps higher than previous estimates. At the Net Income level, we now forecast €1.8m or 30% net margin, some €300k above our previous forecast, primarily due to the renewal of Patent Box and a more favorable tax regime.

Strategy and Research advances.

Since 2024, Arterra has launched 6 new products and 5 patents, including innovations in Haircare (hair growth stimulus) and Cosmetics (skincare and functional make up). In 2025, 5 exclusive actives are being developed for key multinational Cosmetics brands. The Company is also expanding into a new end-market: Aesthetic Medicine with pre and post treatment products and ingredients addressed to Medical Device producers in a B2B business model. In Nutraceutical, Arterra has a clinically tested, patented product, for atopic dermatitis.

2025E-2027E fine tuning.

With respect to our previous Company Update in April, we fine tuned our 2025-2027 estimates. Main difference regards the Balance Sheet as we had to adjust to slower Net Working Capital turnover due to higher receivables for grants. Between 2025 and 2027, Cosmetics sales are expected to grow at a 16% CAGR, driving EBITDA margin up to 39% (+6pp). Net income is seen above €2.5m and net cash above €9m at the end of 2027, including €1m Capex and confirming a 70% dividend payout.

Valuation: BUY confirmed; price target increased to €3.8.

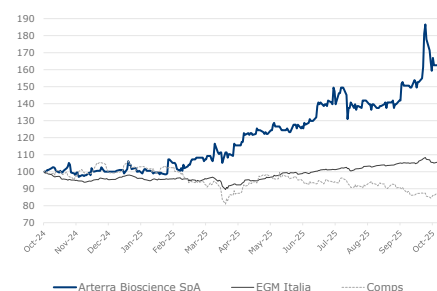
Revised 2025E-2027E P&L and Balance Sheet estimates led to +3% FCFs. Together with higher net cash at the end of June, this led to DCF Equity value of €27m or €4.1/share. The re-rating of market multiples and the introduction of 2026E led to a 9% higher relative Equity Valuation to €24m or €3.6/share. Consequently, we raised our 12-month target price to €3.8/share from the previous 3.6/share. BUY is confirmed.

Target Price	3.8 €	from €3.6
Recommendation	BUY	Unchanged
Company Profile		
Ticker	ARBS IM (BBG)	ABS-IT (Factset)
Reference Industry	Health Care - Biotech	
Stock Exchange	Italian Stock Exchange - Euronext Growth	
Reference Index	FTSE Italia Small Cap	
Market Data		
Price as of	17/10/2025	3.0
Number of shares (mln)		6.7
Market capitalization (€, mln)		19.8
Max / Min		4.5/1.3
Average daily volumes (1Y)		16,687

Key financials	2022	2023	2024	2025E	2026E	2027E
(€'000)						
Total revenue	5,303	4,951	5,266	6,016	6,871	7,848
yoy (%)	15%	-7%	6%	14%	14%	14%
EBITDA	2,133	1,591	1,712	2,131	2,545	3,031
margin (%)	40%	32%	33%	35%	37%	39%
EBIT	1,601	1,059	1,373	1,686	2,024	2,451
margin (%)	30%	21%	26%	28%	29%	31%
Net Income	1,414	1,076	1,337	1,916	2,194	2,543
margin (%)	27%	22%	25%	32%	32%	32%
Net Debt	(3,796)	(5,672)	(5,555)	(7,209)	(8,222)	(9,148)
Equity	10,467	10,752	11,423	12,357	13,299	14,301
Capex	184	83	612	450	300	300
FCFs	778	1,328	-697	1,636	1,762	1,955

Source: Banca Profilo estimates and elaborations, Company data.

1-Year Performance



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SWOT analysis

STRENGTHS

- Outstanding R&D and highly qualified Technology Team
- A global market reach with limited sales force investments thanks to the partnership with Intercos and the equity stakes in Vitalab and ADL
- Scalable business model as products and the in-house developed IPs can be applied simultaneously to different end-markets
- Profitable business model, since its set up, for a very low cost of raw materials and an efficient and light organizational structure

WEAKNESSES

- Small size of the business
- End-markets concentration
- Non optimal cash management

OPPORTUNITY

- Bioscience great momentum as product sustainability has become the key mission of many industries
- Significant growth potential and resilience of main end-market, the Cosmetic industry
- Rich opportunities in Medical Devices and Agri-food
- Growing demand in functional Make-up and Haircare
- Surging demand in Medical Aesthetics

THREATS

- Effective end-markets diversification within the planned time frame
- Potential difficulty in maintaining independence from global multinational brands
- Effects of US extreme protectionism
- China's path of recovery

The Industry

Recovery in China still slow. Strong demand for functional make-up

Chinese recovery still slow

Following the adaptation of compounds to be compliant to new Chinese rules for Cosmetics formula in 2023, demand from China has not recovered yet. Cosmetics demand in Western countries remains solid, with functional make-up seeing notable growth.

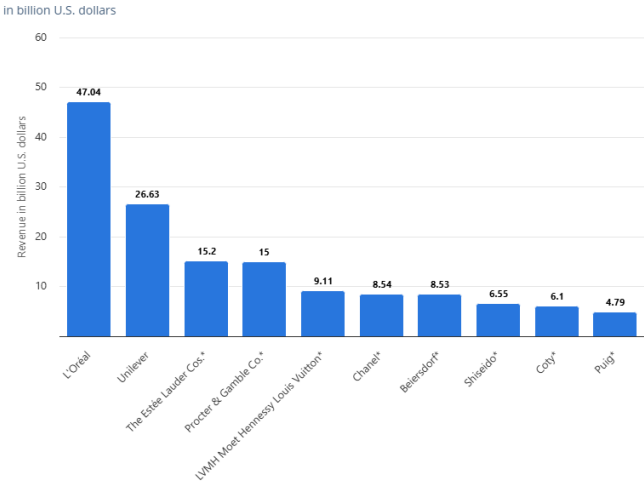
Intercos owns production sites in the US

For what concerns recent US measures of protectionism, we highlight that main Arterra's partner and key shareholder Intercos own production sites in the United States, so any impact of levies is likely to be very limited.

The global Cosmetic Industry

Since the early twentieth century, the production of cosmetics has been controlled by a handful of multi-national corporations.
The global cosmetics industry is broken down into five main categories: skincare, haircare, make-up, fragrances and toiletries. Skin care accounts for about 40% and the United States are the biggest cosmetic market worldwide with more than 90% share.
L'Oreal is the leading beauty manufacturer worldwide with more than €45bn sales in 2024.

Figure 1: Leading ten beauty manufacturers worldwide (sales in 2024, \$bn)

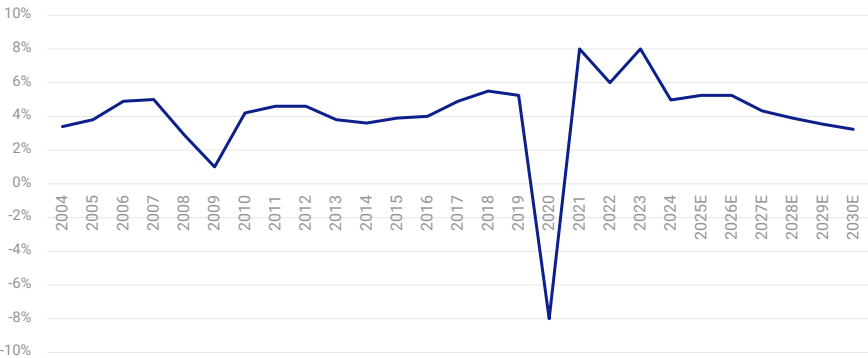


Source: Statista 2025

Cosmetics demand robust growth to continue to 2030

Despite a small setback in 2020 due to the pandemic, global Cosmetics sales have experienced almost incessant growth since 2004, showing a 4% CAGR over the past 20 years. In 2024, the Cosmetics segment of the Beauty & Personal Care Industry worldwide reached USD 109bn. According to Statista (July 2025), the market will steadily rise and reach USD 114.7bn this year to close USD139bn by 2030, growing at a 4% CAGR over the next five years.

Figure 2: Global Cosmetics sales growth 2004-2030E (%)



Source: Banca Profilo elaborations on Statista 2024

Industry trends:
Medical Aesthetics

In terms of Arterra’s compounds industrial applications, consumers have been significantly increasing their spending in Medical Aesthetics and Arterra’s findings on plant-based Exosomes might have applications in this field.

Figure 3: Global Medical Aesthetics sales 2017-2027E



Sources: American Society of Plastic Surgeons; American Med Spa Association; Clarivate; BCG proprietary provider survey; BCG analysis.

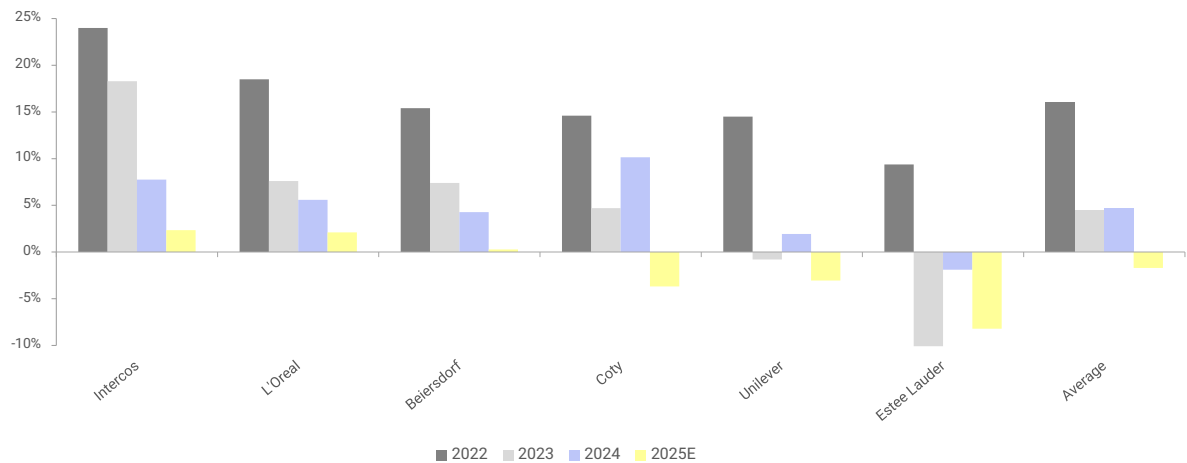
Source: Company data

As emphasized, Arterra’s core competitive edge lies in its ability to: i) forge and maintain a strong partnership with Intercos and leading multinational Cosmetics brands. This synergy, combined with advanced in-house research expertise, allows Arterra to anticipate trends and develop compounds tailored to evolving market needs with exceptional time-to-market; and ii) leverage its robust financial structure, enabling swift capitalization on investment opportunities.

Sales growth has weakened since 2023 and overall decline in 2025E

In terms of end-markets, listed top Arterra’s clients experienced a general reduction in sales growth or, in a few cases, a sales decline in 2023. Growth remained in the single digit range, on average, even in 2024, including persisting sales decline in Estee Lauder and a double-digit growth at Coty. On average, in 2022 sales growth was over 16% yoy, it declined to 4.5% in 2023 and kept a similar trend in 2024 (+4.6% yoy). Analyst consensus as of October 2025 anticipates an overall decline in sales for the year, with an average decrease of 2%. This projection includes a 4% reduction at Coty and an additional 8% decrease at Estee Lauder.

Figure 4: top 7 listed clients – sales growth 2022-2025E

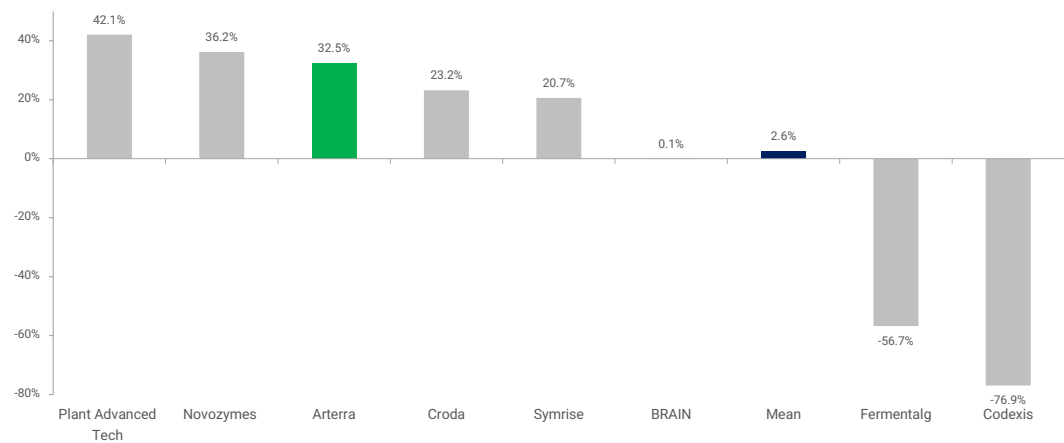


Source: Banca Profilo elaborations on Company data, Factset

Arterra Bioscience competitive arena: strategic positioning and competitive advantages

European and US listed biotech	The competitive scenario comprises European and US listed biotech companies active in the research and development of natural substances for industrial green applications.
Arterra profitable business model differs from peers	Main difference between Arterra and its comparables is profitability. Furthermore, Arterra has funded its research, investments, and growth through research grants (at the beginning) with no additional either funds or venture capital needed.

Figure 5: Main international listed players – EBITDA margin in 2024



Source: Banca Profilo elaborations on Company data, Factset

Arterra showed third to the highest 2024 EBITDA margin

Since its foundation, in 2004, Arterra has been showing positive EBITDA, whereas most of its peers show either negative marginality or much lower profitability than Arterra. We set a sample of listed peers which includes the Danish Novozymes, the British Croda, the German Symrise and Brain, the French Fermentalg and Plant Advanced Technology, and the US Codexis and Yield 10 Bioscience. Moreover, we added more mature specialty chemicals companies that have little operations in Natural Resources, such as Lonza, Ashland, OCI and Wacker Chemie.

In 2024, Arterra showed the third highest EBITDA margin among peers’ sample.

Novozyms (DK)
DKK 25.5bn turnover
36% EBITDA margin

Novozyms, a Danish biotech-based company that research, develops and obtain enzymes for Industrial usage and addresses them to the technical enzyme market, the food enzyme market and the animal feed enzyme market.

Croda (UK)
GBP 1.6bn turnover
23% EBITDA margin

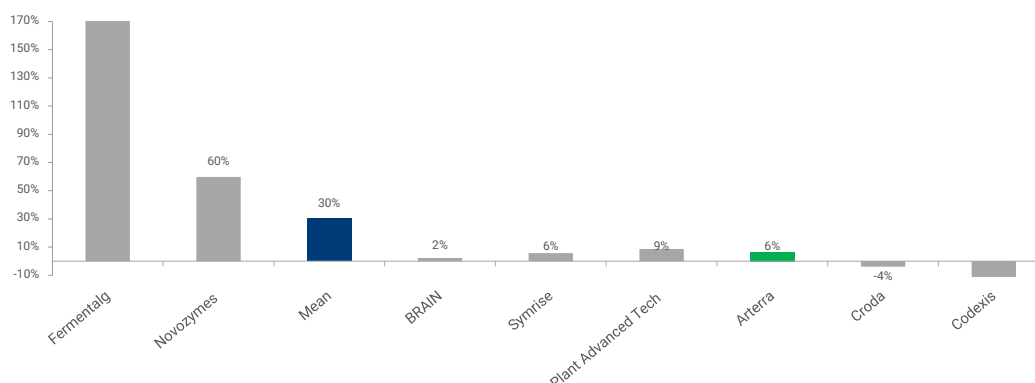
Croda International Plc, is an English holding of a group of companies that develop specialty chemicals, including oleochemicals (derived from natural oils) and industrial chemicals. Its main end markets are: Consumer Care (35%), including Personal care (natural ingredients for hair, skin especially anti-aging, sun care), Life science (health care and Agriculture with ingredients and formulation to pharma and nutritional markets such as dermatology and animal health and to agrochemical companies); Performance Technologies (34%), to which it delivers high-added value additives such as lubricants for the Automotive and Industrial sectors, coatings and polymers serving Oil & Gas, Water treatment, Packaging sector and Home care ingredients serving Households product manufacturers; Industrial Chemicals (11%) including process additives (fatty acids, glycerin...) to Textiles and other Industrials such as Engineering and Automotive. It is mostly exposed in Western Europe (40%), North America and Asia Pacific.

Symrise (DE)
€5bn turnover
21% EBITDA margin

Symrise AG, is a German developer of fragrance bases, perfume oils, cosmetic raw materials and active ingredients, plant extracts, aroma chemicals, flavorings, fruit powders and seasonings, mostly based on natural raw materials. It addresses mainly to: Cosmetics,

Personal care, Household care, Food & Beverage and Pharmaceuticals. Half of its sales come from Europe.

Figure 6: Main international listed players – yoy growth in 2024



Source: Banca Profilo on Company data, Factset

B.R.A.I.N. (DE)
€57mIn turnover 0.1%
EBITDA margin

Biotechnology Research and Information Network AG, is a German industrial biotech company active in both BioSciences, for research and development, and BioIndustrial, for the development, of own products addressed to companies or end consumers. Main products are enzymes, biocatalysts, strains, and bioactive natural substances. The Company discovers and develops biotech compounds and microbial producer strains. Its end markets are mainly: Chemicals, Cosmetics, Food and Medical technology, as well as Energy companies, Consumer goods manufacturers and the Green Mining sector.

Codexis (USA)
USD 59mIn turnover
USD -46mIn EBITDA

Codexis Inc. is an American developer of protein and biocatalysts through an easy-on-the-environment technology that allows to scale-up and implement biocatalytic solutions for chemical processing. Relevant end-markets include Pharmaceuticals and Chemicals. It has a research agreement with Shell (half of Codexis' sales) to develop new ways of converting biomass into biofuel. It is also working to use its technology to manage carbon emissions from coal-fired power and treat wastewater. Some of its biocatalysts and enzymes are used to produce cholesterol-fighting drugs, allergy drugs and antidepressants. Americas represent almost 60% of Codexis' sales.

Plant Advanced (FR)
€2mIn turnover
42% EBITDA margin

Plant Advanced Technologies SA is a French plant biotechnology firm manufacturing rare new actives for Cosmetics, Pharmaceutical and Agriculture. Its main products are proteins from the liquid of carnivorous plants and other actives from the roots of various plants.

Fermentalg (FR)
€11.5mIn turnover
€ -6.5mIn EBITDA

Fermentalg SA, is a French industrial biotechnology company that obtain active ingredients from micro algae. Experts in microalgae culture and their industrial fermentation processes. Its main products are molecules including Omega 3 fatty acids, natural pigments antioxidants, proteins and biopolymers. It addresses its production to the following end-markets: Agri-food, Healthcare, Nutrition (human and animal) and Petrochemical industries.

Yield10 Bioscience
USD 800k turnover
USD -13mIn EBITDA

Yield10 Bioscience Inc. is an American agricultural bioscience company which focuses on the development of disruptive plant biotechnologies to improve crop productivity and seed yield and enhance global food security. The goal is to improve fundamental elements of plant metabolism through enhanced photosynthetic efficiency and directed carbon utilization. Most of its treatments are applied to canola, soybean, and corn to increase tolerance to drought, flooding and heat and thus raise their food productivity.

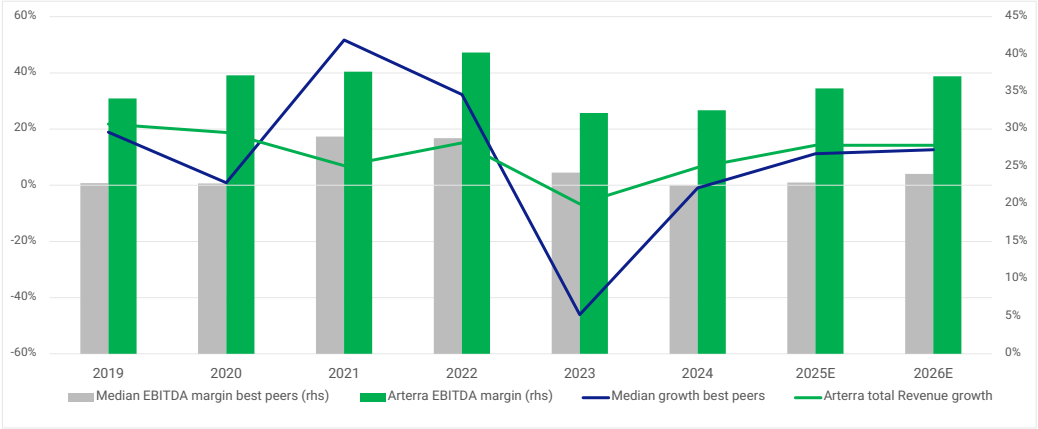
In 2024 Arterra Total revenue +6% yoy

In 2024, Arterra reported a 6% yoy Total revenue growth, which compares to the peers' sample median growth of 27%.

Arterra EBITDA
marginality above
peers' median

Arterra has consistently demonstrated EBITDA margins exceeding the median of its peers, a trend reaffirmed in 2024 with an EBITDA margin of 33%, approximately 10% higher than the Sample's median. Furthermore, since 2023, Arterra's revenue growth has also surpassed the Sample's median.

Figure 7: Sales growth and marginality 2018-2026E – Sample median vs Arterra



Source: Banca Profilo on Company data, Factset

1H25 results

Cosmetics actives sales reach (again) all-time highs. EBITDA driven by better revenue mix and grants

1H25:

Cosmetics volumes and sales peak: €8,000 kg and €2.2mIn (+15% yoy)

EBITDA margin at 36% thanks to better mix and grants

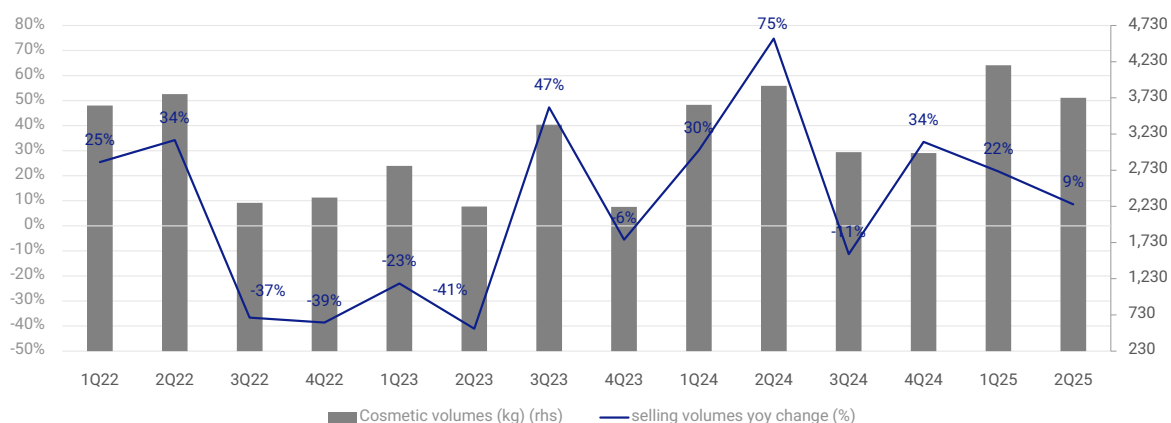
Sales of Cosmetic actives hit a historic record in the first half of the year, exceeding €2.2mIn (+15% yoy). Volumes also reached an all-time high, just below 8,000 kg, with the price per kg at peak levels, driven by an improved product mix. In fact, the share of actives destined for functional make-up continues to grow. Except for the cyclical dip in 2023, both volumes and revenues have shown consistent growth with 1H18-1H25 turnover CAGR exceeding 10%. VoP rose even faster by 36% yoy to €3.1mIn, supported by the return of research grants, which accounted for €633k, up from €309k a year earlier; their weight on Total Revenue stands close to 20%, in line with their historical weight.

A better product mix and the rise in grants significantly boosted EBITDA, which reached €1.18mIn, just below its historical peak in 1H22 (€1.2mIn), with margin improving significantly to 36%, from 9% in 1H24, near-record of ~40%.

Net profit surpassed €1mIn or 35% margin, also marking a new high, despite including a write-down of an equity investment for €135k. No taxes were incurred thanks to the renewal of the Patent Box.

At the end of June, net cash rose further above €5.7mIn from €5.5mIn at year-end 2024.

Figure 8: Arterra volumes and price quarterly trends 2022-2025



Source: Banca Profilo on Company data

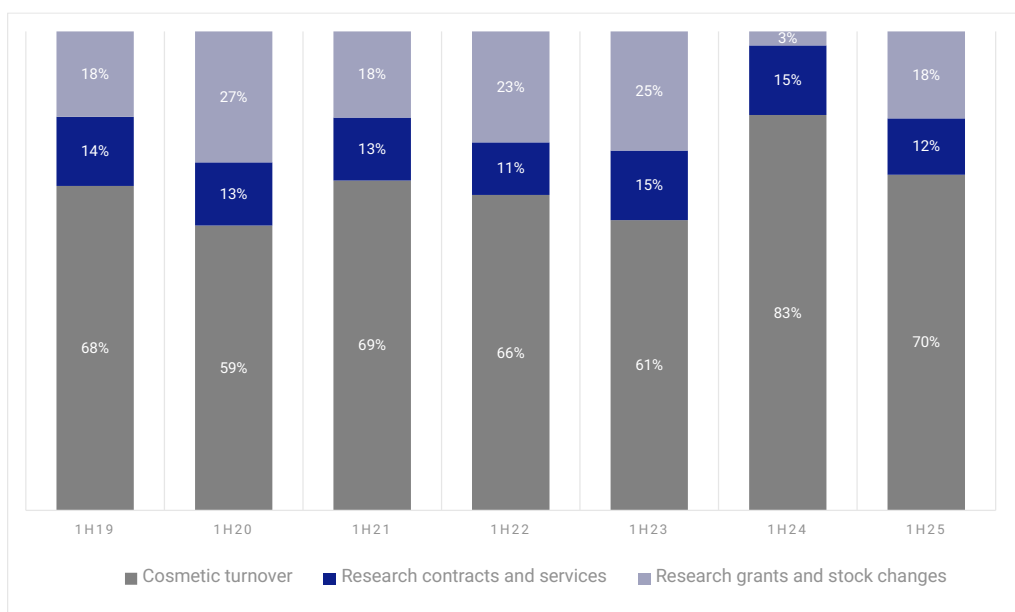
Volumes record in the 1Q25 at almost 4,200 kgs (+22% yoy)

Looking at the quarterly analysis of volumes, changes and average price per kg, the historical record in volumes has been reached in the 1Q25 with almost 4,200kgs (+22% yoy), whereas the highest quarterly average price per unit has been hit in the 2Q (above €280/kg).

EBITDA margin at 38% thanks to improved revenue mix and grants but also the operating leverage

In 1H25, EBITDA soared to €1.2mIn from €486k a year earlier with margin surging to 38% from 21% respectively, back to Arterra's normalized marginality close to 40%. The significant improvement of marginality has been driven by: i) better revenue mix, including higher concentration of make-up vs skincare actives, which drove the almost 10% yoy rise in the average price and reduced the incidence of COGS; ii) the return of Research Grants which doubled to €633k; and iii) the operating leverage with the cost of labor reducing its weight on total revenue to below 30% (37% in 1H24) despite the increase in employees from 30 at the end of June 2024 to 38 a year after.

Figure 9: Arterra revenue mix 2019-2024



Source: Banca Profilo on Company data

Net income doubled

Net income more than doubled to about €1.1mln or 35% margin in 1H25.

Table 1: Arterra Profit and Loss 1H19-1H25

Profit & Loss		€'000	1H19	1H20	1H21	1H22	1H23	1H24	1H25
Cosmetic turnover		1,269	1,234	1,423	1,822	1,285	1,914	2,202	
yoy		19%	-3%	15%	28%	-30%	49%	15%	
weight on FY		59%	54%	44%	61%	49%	54%	54%	
Research contracts and services		270	273	272	304	308	336	370	
yoy			1%	0%	12%	1%	9%	10%	
Total turnover		1,539	1,507	1,695	2,126	1,593	2,251	2,572	
yoy		45%	-2%	12%	25%	-25%	41%	14%	
Cosmetic volumes (kg)		4,902	4,239	5,913	7,407	5,019	7,529	7,910	
yoy		60%	-14%	39%	25%	-32%	50%	5%	
avg cosmetic price (€/kg)		259	291	241	246	256	254	278	
Research grants and stock changes		334	567	372	640	527	68	570	
% on total revenue		22%	38%	22%	30%	33%	3%	22%	
Total Revenue		1,873	2,074	2,066	2,766	2,119	2,318	3,142	
yoy		40%	11%	0%	34%	-23%	9%	36%	
raw materials cost		(213)	(297)	(149)	(229)	(210)	(218)	(203)	
cost of services		(314)	(455)	(507)	(507)	(678)	(692)	(761)	
% on total revenue		28%	36%	32%	27%	42%	39%	31%	
cost of labour		(551)	(604)	(684)	(754)	(800)	(853)	(926)	
% on total revenue		29%	29%	33%	27%	38%	37%	29%	
lease		(43)	(43)	(43)	(44)	(36)	(44)	(34)	
other operating costs		(9)	(59)	(41)	(28)	(29)	(25)	(36)	
EBITDA		743	616	641	1,205	366	486	1,181	
margin		40%	30%	31%	44%	17%	21%	51%	
weight on FY		60%	38%	37%	56%	23%	28%	55%	
employees		22	30	29	32	37	30	38	
labor cost per unit		(25)	(20)	(24)	(24)	(22)	(28)	(24)	
D&A		(49)	(182)	(222)	(268)	(262)	(160)	(141)	
% on total revenue		4%	10%	12%	11%	13%	8%	5%	
EBIT		694	434	419	937	104	327	1,040	
margin		37%	21%	20%	34%	5%	14%	33%	
net financial income (expenses)		4	(3)	0	(5)	161	306	180	
% on total revenue		0.2%	-0.2%	0.0%	-0.2%	7.6%	13.2%	5.7%	
EBT		697	431	419	932	265	632	1,220	
margin		37%	21%	20%	34%	12%	27%	39%	
taxes		(69)	(87)	(28)	(253)	(16)	(115)	0	
tax rate		10%	20%	7%	27%	6%	18%	0%	
Net income		628	344	391	679	249	517	1,085	
% on total revenue		34%	17%	19%	25%	12%	22%	35%	

Source: Banca Profilo on Company data

End of IPO cost amortization and Patent Box renewal

The increase derived, other than from higher EBITDA margin, from lower D&A (at 7% from 4% of Total Revenue) and, most of all, from the renewal of Patent Box leading to zero taxes. The significant increase occurred despite lower dividends from Vitalab (at €144k from €200k a year earlier) and an asset write down for €135k.

Net Cash at the end of June rose slightly to €5.7mln.

At the end of June 2025, Net Cash slightly increased to €5.7 from €5.5mln at the end of December 2024 and included €2.6mln of short-term financial assets, basically in line with the end of last year.

Table 2: Arterra Balance Sheet and Free Cash Flows 30.06.19 – 30.06.25

Balance Sheet							
€/000	30.06.19	30.06.20	30.06.21	30.06.22	30.06.23	30.06.24	30.06.25
Intangibles	765	1334	1452	1624	1382	1251	1756
Intangibles	238	653	522	346	116	46	31
Financials	452	452	812	949	982	982	897
Fixed assets	1,456	2,440	2,786	2,919	2,480	2,279	2,685
Other current net receivables	343	678	712	779	336	798	813
Receivables from grants	530	287	611	294	1,174	1,053	1,221
Trade receivables	396	530	528	716	463	862	1,330
Inventories	274	491	455	872	1,014	1,102	1,289
Trade payables	(161)	(204)	(212)	(218)	(185)	(285)	(479)
Net operating Working Capital	1,039	1,105	1,382	1,665	2,466	2,732	3,361
Net Working Capital	1,382	1,782	2,094	2,444	2,802	3,530	4,175
Capex	949	186	305	56	21	185	384
tangible	572	157	270	56	21	166	384
intangibles	377	29	34	0	0	19	0
Provisions	(550)	(476)	(540)	(550)	(718)	(762)	(905)
Invested Capital	2,288	3,747	4,340	4,813	4,564	5,047	5,954
Shareholders' equity	250	329	330	333	333	333	333
Reserves	2,009	6,668	7,851	8,720	9,468	9,753	10,243
Net income	628	344	391	679	249	517	1,085
Equity	2,888	7,341	8,572	9,731	10,050	10,603	11,661
Net debt (cash)	(600)	(3,595)	(4,232)	(4,919)	(5,486)	(5,556)	(5,707)
Adjusted net debt (cash)	2	(3,075)	(3,796)	(4,919)	(3,815)	(3,084)	(3,134)

Source: Banca Profilo on Company data

Cash generation from EBIT and NWC

In the first six months of this year, Arterra generated almost €1.4mln net Free Cash Flows coming from €1mln EBIT and more than €770k cash generation from Net operating Working Capital for lower grants and trade receivables but significantly higher trade payables compared to the end of 2024. Capex were €384k in the semester.

Table 3: Arterra Free Cash Flows 1H20 – 1H25

Free Cash Flows							
€/000	1H20	1H21	1H22	1H23	1H24	1H25	
EBIT	694	434	419	937	104	327	1,040
tax (figurative)	(139)	(87)	(84)	(188)	(21)	(65)	(208)
D&A	49	182	222	268	262	160	141
change in Net Working Capital	663	(270)	(75)	133	182	(115)	777
capex	(949)	(186)	(305)	(56)	(21)	(185)	(384)
Free Cash Flow	73	177	1,094	507	121	1,366	

Source: Banca Profilo on Company data

Strategy Update

Research and partnerships in Medical Devices and Agri-food. Expanding in Cosmetics via Vitalab.

Production capacity expansion	Since its IPO, in 2019, Arterra invested in production capacity and research activity expansion. In 2021, The Company extended further its production plant, bought additional equipment, and invested in technology to enhance cellular growth. This process is still ongoing with new investments in headquarter expansion and new production equipment. Furthermore, in 2020-2022 Arterra strengthened its organization by appointing a COO (Giuseppe Ferrante), an R&D Coordinator (Vincenzo Fogliano), a Grant & IP Director (Marida Bimonte), a Cell & Molecular Biology Director (Annalisa Tito) In 2023, Arterra introduced a new organizational layer, the Middle management, to streamline research and production processes. Since 2024, over €900k investment have been made in Headquarter expansion and new equipment, involving mainly the Process Lab, Plant Growing Facility and Lactobacillus & Agrobacterium Growing Facility.
Process optimization	
Organization streamlining	
State of the art	Since 2024, Arterra has launched 6 new products and 5 patents, including innovations in Haircare (hair growth stimulus), Cosmetics (skincare and functional make up) and ingredients specifically addressed to China. In 2025, 5 exclusive active ingredients are being developed for key multinational Cosmetics brands. The Company is expanding into a new end-market: Aesthetic Medicine with pre- and post-treatment products and ingredients addressed to Medical Device producers in a B2B business model. In Nutraceutical, Arterra has a clinically tested, patented product, for atopic dermatitis.

Figure 10: Arterra state of the art and addressable markets

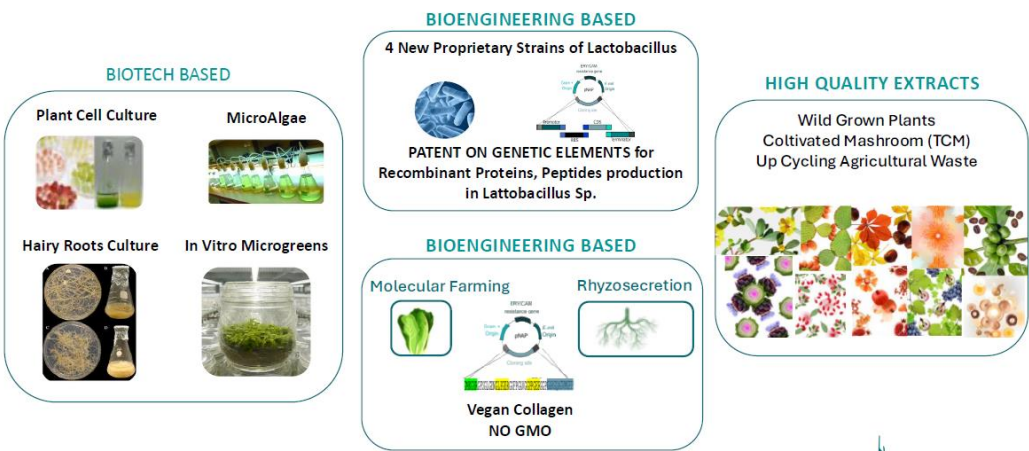


Source: Company data

Medical Devices and Agri-Food	In-vitro research, especially on skin and intestine, led to new agreements in Agrifood, Nutraceutical and Medical Devices.
Agri-Food : Arterra-Montecarlo Fruit	In June 2021, Arterra and Montecarlofruit signed a research agreement for the upcycle of mango waste that led to new products in the Baby Food: Mango Super Purea, the aseptic fruit puree for baby food produced in Mali.

Nutraceutical: Arterra-ADL-ABR	In April 2021, Arterra signed its first agreement with ADL Farmaceutici for a 5-year production and license of mix of four active compounds named “ArterraBio Complex I” against skin acne. This first agreement became a stake acquisition when, in June 2021, Arterra subscribed to the capital increase by ADL acquiring a 6.81% stake.
Patents in Medical Devices	Arterra is also working for the development of a product for the treatment of atopic dermatitis, both through topical and oral use. In 2020-2023, two extracts have been patented: olive and prickly pear leaf extract for preventing and treating atopic dermatitis; Punica granatum peels extract for treating viral infections.
Arterra- ABR	Arterra and ABR are starting a clinical study for co-development of a valid natural product able to treat the Irritable Bowel Syndrome.
New proprietary enabling IP	A new potentially disruptive proprietary enabling technology based might lead to innovative compounds in Agriculture, Medica Devices, Agri-food and even Pharma. It concerns the possibility of expressing in a bacterial system, more common, more “acceptable” and less “dangerous” than currently used E.coli. This can be an alternative tool for synthetic biology and precision fermentation. 4 new proprietary lactobacilli strains, which have been isolated from raw buffalo milk and Sardinian Pecorino cheese, have been registered and a patent on genetic elements has been filed to produce proteins, nucleic acids and new metabolic streams for numerous industrial applications, together with prospect partners in pharma and biotech.
Exosomes Technology	Finally, the research on Extracellular Vesicles, such as Exosomes has led to several complex biological functions and claimed properties to be used in Cosmetics, Medical Aesthetics and Medical treatments.

Figure 11: Arterra sources for actives discovery and development



Source: Company data

Consolidating in Skincare and makeup A new industrial application: Haircare	In Cosmetics, since 2024, Arterra has launched 6 new products on the market and filed 5 patents, including for actives addressed to Haircare, Arterra’s new industrial application for hair growth stimulus.
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Figure 12: new actives in Cosmetics



Source: Company data

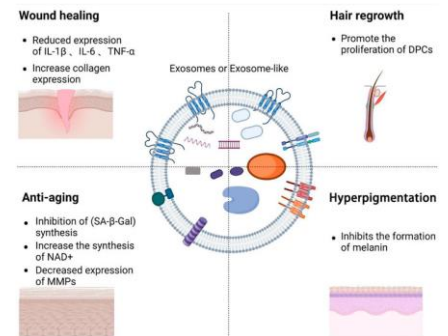
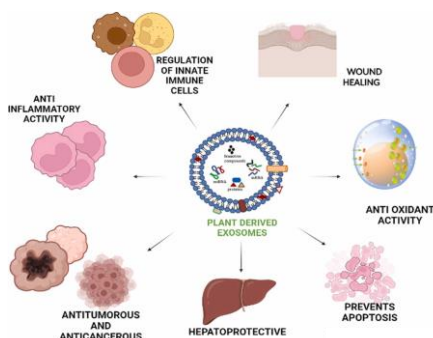
Innovation in Cosmetics

Extracellular vesicles Plant Exosomes

Further innovation in Cosmetics includes: i) powder active ingredients for make-up application; ii) recombinant peptides using molecular farming technology, such as Vegan Collagen; iii) post biotics using precision fermentation technology leading to new proprietary strains; iv) new delivery systems and iv) plant-based extracellular vesicles, such as plant Exosomes, having a number of complex biological functions and containing components with relevant claimed properties including anti-inflammatory, anti-tumorous and anti-cancerous activity and hepatoprotective action in medical care or wound healing, hair regrowth, anti-aging and hyperpigmentation action to be used in Skincare and professional beauty treatments.

Figure 13: Innovation in Cosmetics - plant Exosomes, claimed properties and their industrial applications

Medical care



Professional beauty treatments

Skincare



Source: Company data

Plant Exosomes industrial application

The technology that Arterra has been using has great potential for developing active ingredients based on plant exosomes to be addressed to Medical Aesthetics, Medical Devices and Bio medics.

Estimates update

2025-2027 estimates revision.

2025-2027 projections
fine tuning.

FY25E: Cosmetics
revenue at €4.1mln and
grants at €1.2mln

EBITDA margin at 35%
and Net income of
€1.8mln in FY25E

Sales CAGR 2025-
2027E at 16%.
Confirmed

EBITDA margin
+600bps to 39% vs
prior 37%

In this report we update our previous 2025-2027 projections [*Company Update on April the 15th 2024*], amid 1H results and according to the Company strategic development and management guidance.

Regarding our 2025 forecast, we made few adjustments to our previous assumptions amid strong 1H.

We might be a bit conservative on the estimated volumes of Cosmetics actives (15,500 kgs), but we decided to leave them unchanged as the 1H weight on FYE (54%) is basically in line with the past semesters. We have instead increased the average price per kg as the increase weight of actives for functional make-up compared to those for skin care in the revenue mix will likely keep pushing the price up.

Our Research grants projection for the FY25 is in line with the 1H; therefore, we see €4.8mln Turnover (+16% yoy) and €6mln Total Revenue (+14% yoy) this year, including €1.2mln Research grants, keeping the 20% contribution seen in the first semester.

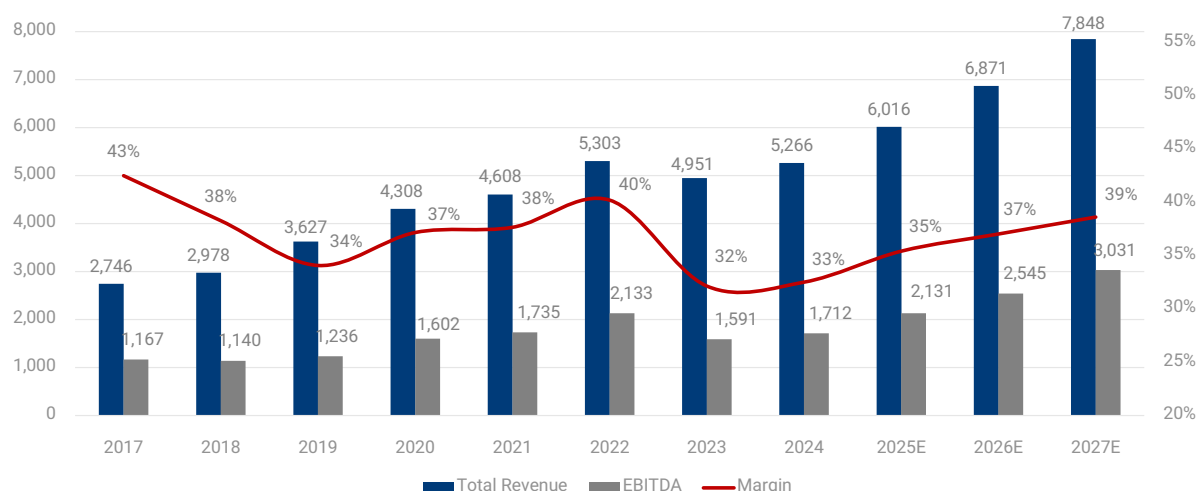
In terms of EBITDA, we included the production efficiency gain that we appreciated in the 1H25 (from 34% in FY24 to 31% in FY25 of sales the incidence of raw materials and services on sales), linked to the improved revenue mix, and added the 4 new employees, ending with €2.1mln or 35% margin, some 100bps higher than before.

At the bottom line, we now expect Net Income at €1.8mln or 30% net margin, some €300k, some above our previous estimate, given the renewal of Patent Box and lower tax regime.

For the three-year projections, we now expect 2024-2027E Cosmetics sales CAGR at 16% driven by increasing selling volumes to just below 21,000 kgs and higher unit selling price as the revenue mix has been moving towards the “richest” actives addressed to functional make-up cosmetics.

In terms of revenue mix, we keep Cosmetics turnover at 70% contribution to Total revenue and Research grants at some 20% weight, which stands below the historical average at 26% but more in line with Arterra's business expansion and revenue mix development. Infact, despite less-than-historical grants contribution to revenue, we forecast EBITDA margin to improve 600bps to 39% in 2027E, which is some 200bps higher than both our previous forecast and the historical average, as we assume better revenue mix, production efficiency and operating leverage to consolidate in the next two years.

Figure 14: Revenue, EBITDA and margin 2017-2027E



Source: Banca Profilo on Company data

24% Net Income CAGR
24-27E vs prior 16% for
higher margins and tax
relief

The remaining P&L metrics see a return to material D&A increase after the end of IPO costs amortization as they include new investments at some €1mln in 2024-2025, an average of €160k dividend from Vitalab and a 20% tax rate, which we confirm in 2026-2027.

Table 4: P&L estimates old vs new 2025E-2027E

Profit & Loss														
	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new
€/'000														
Cosmetic turnover	1,503	1,868	2,167	2,281	3,253	2,984	2,633	3,515	4,029	4,107	4,714	4,764	5,657	5,526
yoy		24%	16%	5%	43%	-8%	-12%	34%	22%	17%	17%	16%	20%	17%
Nutraceutical/Medical Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture/Agri-food	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Research contracts and services	551	559	542	541	573	580	671	658	580	722	666	825	782	942
Licences and royalties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total turnover	2,054	2,427	2,709	2,822	3,826	3,563	3,304	4,173	4,609	4,829	5,380	5,588	6,439	6,468
yoy		18%	12%	4%	36%	-7%	-7%	26%	16%	16%	17%	16%	20%	20%
cosmetic volumes (kg)	5,690	7,142	8,839	9,117	13,342	12,036	10,599	13,475	15,496	15,496	18,131	17,976	21,757	20,852
yoy		90%	26%	3%	46%	-10%	-12%	27%	22%	15%	17%	16%	20%	15%
avg cosmetic price (€/kg)	264	262	245	250	244	248	248	261	260	265	260	265	260	265
Research grants and stock changes	692	551	917	1,487	783	1,740	1,647	1,093	1,187	1,187	1,283	1,283	1,381	1,381
% on sales		25%	18%	25%	35%	17%	33%	33%	21%	20%	19%	19%	18%	18%
Total Revenue	2,746	2,978	3,627	4,309	4,609	5,303	4,951	5,267	5,796	6,016	6,663	6,871	7,819	7,848
yoy		45%	8%	22%	19%	7%	15%	-7%	6%	14%	15%	19%	35%	30%
raw materials cost	(210)	(259)	(455)	(525)	(318)	(507)	(425)	(463)						
cost of services	(466)	(533)	(726)	(873)	(986)	(1,140)	(1,292)	(1,331)	(1,945)	(1,869)	(2,237)	(2,135)	(2,625)	(2,438)
% on total revenue		25%	27%	33%	32%	28%	31%	35%	34%	31%	34%	31%	34%	31%
cost of labour	(736)	(847)	(1,025)	(1,128)	(1,228)	(1,391)	(1,476)	(1,598)	(1,728)	(1,858)	(1,918)	(2,034)	(2,177)	(2,221)
% on total revenue		27%	28%	28%	26%	27%	26%	30%	30%	31%	29%	30%	28%	28%
lease	(123)	(146)	(146)	(151)	(158)	(83)	(82)	(95)	(95)	(86)	(95)	(86)	(95)	(86)
other operating costs	(43)	(53)	(38)	(30)	(184)	(51)	(85)	(66)	(66)	(72)	(66)	(72)	(66)	(72)
EBITDA	1,167	1,140	1,236	1,602	1,736	2,133	1,591	1,713	1,961	2,131	2,348	2,545	2,857	3,031
margin		43%	38%	34%	37%	38%	40%	32%	34%	35%	35%	37%	37%	39%
# employees	n.a.	20	28	30	35	36	34	34	35	38	37	40	40	42
labor cost per unit		(42)	(37)	(38)	(35)	(39)	(43)	(47)	(49)	(49)	(52)	(51)	(54)	(53)
D&A	(143)	(73)	(296)	(400)	(487)	(532)	(532)	(339)	(445)	(445)	(520)	(520)	(580)	(580)
% on total revenue		5%	2%	8%	9%	11%	10%	11%	6%	8%	7%	8%	7%	7%
EBIT	1,024	1,067	940	1,201	1,249	1,601	1,059	1,373	1,516	1,686	1,827	2,024	2,276	2,451
margin		37%	36%	26%	28%	27%	30%	21%	26%	28%	27%	29%	29%	31%
net financial income (expenses)	(7)	6	1	(2)	26	197	243	328	282	230	294	268	304	279
% on total revenue		-0.2%	0.2%	0.0%	0.6%	3.7%	4.9%	6.2%	4.9%	3.8%	4.4%	3.9%	3.9%	3.6%
write down										(135)				
EBT	1,017	1,073	941	1,199	1,274	1,797	1,302	1,702	1,798	1,781	2,121	2,293	2,580	2,730
margin		37%	36%	26%	28%	34%	26%	32%	31%	30%	32%	33%	33%	35%
taxes	(272)	(29)	(83)	(91)	(163)	(383)	(226)	(365)	(360)	0	(424)	(99)	(516)	(186)
tax rate		27%	3%	9%	8%	13%	21%	17%	21%	0%	20%	4%	20%	7%
Net income	745	1,044	857	1,109	1,111	1,414	1,076	1,337	1,439	1,781	1,697	2,194	2,064	2,544
% on total revenue		27%	35%	24%	26%	24%	22%	25%	25%	30%	25%	32%	26%	32%

Source: Banca Profilo estimates and Company data

Balance Sheet:

Gradual cash in of
grants and trade
receivables.
€1mln Capex;
generous dividend
policy

Regarding our Balance Sheet estimates, we confirm the return of Net Operating Working capital to some 50% of sales at the end of 2027 with gradual cash in of grants and trade receivables. The pick in trade paybles at the end of June is assumed to come back to standard 15% COGS level by next year.

Higher than previously estimated marginality and tax relief has led to an increase in our projection of net cash at the end of 2025 (€7.2mln vs previous €6.9mln) to reach €9.1mln at the end of 2027. Net Cash assumptions confirm €1mln capex over the three-year period and a generous dividend distribution policy (some 70% of consolidate Net income).

Table 5: Balance Sheet old vs new estimates 2025E-2027E

Balance Sheet															
	€/'000	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new
tangibles		185	567	1278	1400	1662	1535	1232	1508	1512	1512	1314	1314	1061	1061
intangibles		27	108	706	567	442	204	40	36	36	36	14	14	-14	-14
financials		462	452	452	452	949	982	982	982	982	982	982	982	982	982
Fixed assets		675	1,127	2,437	2,419	3,052	2,722	2,254	2,526	2,530	2,530	2,310	2,310	2,030	2,030
other current net receivables		131	177	452	912	914	227	869	98	-334	-334	-262	-262	-190	-190
receivables from grants		1,176	1,062	495	585	755	905	816	1,455	987	1,224	681	1,002	706	871
trade receivables		303	630	414	339	806	774	695	1,628	1,682	1,445	1,668	1,513	1,644	1,729
inventories		263	267	425	570	488	1,157	1,356	1,330	1,464	1,520	1,683	1,736	1,975	1,983
trade payables		(161)	(257)	(500)	(188)	(250)	(188)	(250)	(276)	(299)	(343)	(344)	(328)	(403)	(375)
Net operating Working Capital		1,582	1,702	834	1,306	1,798	2,648	2,617	4,139	3,834	3,846	3,689	3,923	3,922	4,208
% on total revenue		58%	57%	23%	30%	39%	50%	53%	79%	66%	64%	55%	57%	50%	54%
receivables from grants (% grants)		170%	193%	54%	39%	96%	52%	50%	133%	83%	103%	53%	78%	51%	63%
trade receivables (% revenue)		11%	21%	11%	8%	17%	15%	14%	31%	29%	24%	25%	22%	21%	22%
inventories (% revenue)		10%	9%	12%	13%	11%	22%	27%	25%	25%	25%	25%	25%	25%	25%
trade payables (% COGS)		24%	32%	42%	13%	19%	11%	15%	15%	15%	18%	15%	15%	15%	15%
Capex		50	536	1,897	383	609	184	83	612	450	450	300	300	300	300
tangible		28	447	1143	342	541	179	66	588	405	405	270	270	270	270
intangibles		22	89	754	40	68	5	17	24	45	45	30	30	30	30
% on total revenue		2%	18%	52%	9%	13%	3%	2%	12%	8%	7%	5%	4%	4%	4%
Provisions		(629)	(630)	(504)	(522)	(522)	(522)	(659)	(895)	(895)	(895)	(895)	(895)	(895)	(895)
Invested Capital		1,757	2,375	3,218	4,115	5,241	5,075	5,080	5,868	5,136	5,148	4,842	5,077	4,867	5,153
shareholders' equity		250	250	327	330	333	333	333	333	333	333	333	333	333	333
reserves		720	1,265	5,926	6,742	8,029	8,720	9,343	9,753	10,243	10,243	10,671	10,772	11,175	11,424
net income		745	1,044	857	1,108	1,111	1,414	1,076	1,337	1,438	1,781	1,697	2,194	2,064	2,543
Equity		1,715	2,559	7,110	8,181	9,473	10,467	10,752	11,423	12,014	12,357	12,700	13,299	13,572	14,301
Net debt (cash)		42	(185)	(3,892)	(4,066)	(4,232)	(5,392)	(5,672)	(5,555)	(6,878)	(7,209)	(7,858)	(8,222)	(8,704)	(9,148)
adj Net debt (cash)		771	464	(3,439)	(3,727)	(4,199)	(3,796)	(3,300)	(3,083)	(6,878)	(7,209)	(7,858)	(8,222)	(8,704)	(9,148)

Source: Banca Profilo estimates and Company data

2025E-2027E

FCFs at €5.3mln

In terms of Free Cash Flows, we project 2025E-2027E cumulated cash generation at €5.3mln, some 3% above our previous forecast, as higher EBIT will more than offset more cash absorption from NWC changes.

Table 6: Free Cash Flows old vs new estimates 2025E-2027E

Free Cash Flows															
	€/'000	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025E new	2026E old	2026E new	2027E old	2027E new
EBIT		1,024	1,067	940	1,201	1,249	1,601	1,059	1,373	1,516	1,686	1,827	2,024	2,276	2,451
tax (figurative)		(205)	(214)	(188)	(241)	(250)	(321)	(212)	(275)	(304)	(338)	(366)	(406)	(456)	(491)
NOPAT		819	853	751	961	998	1,280	847	1,098	1,212	1,348	1,461	1,619	1,820	1,960
D&A		143	73	296	400	487	532	532	339	445	445	520	520	580	580
Gross FCF		962	926	1,048	1,361	1,486	1,812	1,379	1,437	1,658	1,793	1,981	2,139	2,400	2,540
change in Net Working Capital		(219)	(120)	868	(472)	(492)	(850)	31	(1,522)	304	293	146	(77)	(233)	(285)
capex		(50)	(536)	(1,153)	(383)	(609)	(184)	(83)	(612)	(450)	(450)	(300)	(300)	(300)	(300)
Free Cash Flow		693	270	762	506	385	778	1,328	-696	1,512	1,636	1,827	1,762	1,867	1,955

Source: Banca Profilo estimates and Company data

Main risks to our estimates

Main downside risk to our estimates remains Arterra's effective capacity to reach a relevant scale, also in new end-markets. We also see the lack of net cash optimization with persisting cumulating cash and low capex.

Valuation

DCF: Arterra cash generating business Market multiples can also be used

Given Arterra's cash generating business model, a DCF method well adapts as a valuation approach.

For what concerns the market multiples approach, the listed international research-based companies represent a fitting panel of comparables for suggesting an appropriate relative valuation using market multiples.

DCF

DCF assumptions:

To run a DCF model, we use our projected FCFs for the 2025-27E explicit period. With respect to our last Company Update in April, cumulated FCFs have increased by 3% to €5.35mln.

€5.3mln of cumulated FCFs (+3%)

To assess the Terminal Value, we factor in:

- an annual FCF generation of €1.16mln (+3%) corresponding to the average FCF in 2025-27E;
- perpetual growth rate of 2% (unchanged).

€1.16mln as Terminal Value cash flow (+3%)

To get to the Equity Valuation, we would consider the reported net cash at the end of June at €5.71mln (€5.5mln at the end of December 2024).

Table 7: DCF valuation

DCF Valuation	2024	2025E	2026E	2027E	over
Free Cash Flows (€/000)	-697	1,636	1,762	1,955	1,164
years		1	2	3	
discount factor		0.92	0.85	0.79	
NPV Cash flows (€/000)		1,512	1,505	1,544	
Sum of NPVs (€/000)					4,561
Terminal Value (€/000)					18,808
NPV Terminal Value (€/000)					14,852
Enterprise Value (€/000)					19,413
peripheral assets: Vitalab (@40%)					1,863
Net debt December 2024 (€/000)					-5,707
Equity Value (€/000)					26,984
number of shares (mln)					6.7
Per share value (€)					4.1

Source: Banca Profilo estimates and Company data

Updated WACC at 8.2% according to expectations on interest rates path

We adjusted WACC to include updates on the risk-free rate and ended up with 8.2% (vs previous 8.1%), which includes:

- risk free rate at 4.4% (vs previous 4.3%), according to 100-day 30-year BTP yield moving average and to the expected path of BCE monetary easing policy.
- market risk premium at 5.5% (unchanged);
- beta at 1 (unchanged), as the average of chosen listed peers to Arterra;
- debt to equity target structure with an 80% weight on Equity (unchanged).

Table 8: WACC calculation

WACC Calculation	
perpetual growth rate	2.0%
WACC	8.2%
risk free rate (30Y)	4.4%
equity risk premium	5.5%
beta	1.0
KE	9.9%
cost of debt	1%
tax rate	20%
KD	1%

Source: Banca Profilo estimates and Company data

DCF Equity valuation:

We run the DCF model and end up with an Enterprise Value of €19.41m (vs previous €18.8m) and an Equity Value of €27m or €4.1/share (vs €26.6 and €4 respectively) as higher cumulated DCF explicit Free Cash Flows, higher Terminal Value Cash Flow and Net Cash more than offset a slightly higher WACC and marginally lower Vitalab contribution.

Relative market multiples valuation

EV/SALES and EV/EBITDA used to assess the relative valuation of Arterra according to two selected sub-samples

To assess the relative valuation of Arterra through the market multiples approach, we divided our panel of comparables into two sets of peers:

- The first sub-sample comprises companies that are comparable to Arterra in terms of business model and growth potential. It includes BRAIN, Fermentalg, and Codexis, all of which currently exhibit negative EBITDA margins.
- The second sub-sample includes companies like Arterra, which are notable for their marginality and cash flow generation, but they are mainly active in Chemicals. Companies in this group include Croda, Symrise, Plant Advanced Technologies, Novozymes, Lonza, Ashland, OCI, and Wacker Chemie. These companies were selected based on their performance in marginality and cash flow generation metrics.

We appreciate Plant Advance Technologies joined the second sub-sample as in 2024 it showed its first positive EBITDA margin.

Table 9: Sample benchmarking on revenue growth and EBITDA margin

Company	Currency	Market Cap (min)	Enterprise Value (min)	Sales growth								EBITDA margin								
14/10/2025				2019	2020	2021	2022	2023	2024	2025E	2026E	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
BRAIN Biotech	EUR	47	59	24.8%	-0.5%	7.6%	23.7%	8.3%	-1.0%	0.4%	11.1%	-16.7%	-7.3%	-9.1%	-4.2%	0.1%	0.3%	0.1%	3.5%	8.1%
Croda	GBP	3,717	4,263	-0.7%	0.9%	35.9%	10.6%	-18.9%	-3.9%	3.0%	4.5%	28.5%	28.8%	27.9%	29.0%	28.8%	24.2%	23.2%	23.6%	24.7%
Symrise	EUR	10,544	12,419	8.0%	3.3%	8.7%	20.7%	2.4%	5.7%	-0.5%	3.5%	20.0%	20.3%	21.1%	21.3%	20.0%	19.1%	20.7%	21.5%	22.1%
Fermentalg	EUR	44	36	n.m.	16.3%	155.3%	35.1%	-46.1%	180.5%	12.6%	12.6%	n.m.	n.m.	n.m.	n.m.	n.m.	-190.2%	-56.7%	-46.7%	-38.5%
Plant Advanced Technologies	EUR	10	16	9.1%	4.7%	83.1%	0.0%	0.0%	-17.4%	0.0%	0.0%	n.m.	n.m.	n.m.	-37.0%	-34.8%	-34.8%	42.1%	42.1%	42.1%
Novozymes	DKK	165,449	176,762	-0.1%	-2.5%	6.7%	17.4%	2.0%	59.7%	9.1%	7.1%	35.8%	36.7%	35.1%	36.3%	34.6%	52.7%	36.2%	37.1%	38.1%
Codexis	USD	227	211	13.0%	0.9%	51.7%	32.3%	-49.4%	-15.4%	11.2%	15.7%	-3.8%	-10.8%	-31.8%	-18.6%	-13.3%	-68.5%	-76.9%	-60.0%	-45.5%
Yield10 Bioscience	USD	0	1	-10.4%	-0.9%	-23.2%	-26.7%	-86.7%	n.m.	0.0%	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Lonza Group	CH	36,758	39,817	6.8%	4.5%	-12.5%	14.6%	8.3%	-2.1%	15.0%	9.9%	27.3%	26.8%	22.7%	30.8%	32.2%	29.8%	29.0%	29.8%	30.9%
Ashland	USA	2,240	3,304	-28.4%	-4.6%	1.7%	-1.7%	-7.4%	-6.2%	-9.6%	n.a.	18.8%	21.6%	22.2%	21.8%	23.8%	21.2%	21.9%	22.2%	23.3%
OCI NV	NL	762	-383	-2.6%	1.8%	95.2%	64.0%	-48.5%	-19.8%	-75.0%	1.1%	28.6%	22.8%	24.0%	40.1%	40.1%	24.2%	-0.8%	6.1%	8.9%
Wacker Chemie AG	DE	3,322	4,222	-1.0%	-4.8%	32.3%	32.2%	-22.0%	-10.6%	-2.8%	3.5%	18.7%	15.8%	14.2%	24.8%	25.3%	12.9%	13.3%	10.6%	11.5%
Median best peers				18.9%	0.9%	51.7%	32.3%	-46.1%	-1.0%	11.2%	12.6%	27.3%	22.8%	22.7%	29.0%	28.8%	24.2%	22.5%	22.9%	24.0%
Arterra	ITA	20.1	14.6	21.8%	18.8%	7.0%	15.1%	-6.6%	6.4%	14.2%	14.2%	38.3%	34.1%	37.2%	37.7%	40.2%	32.1%	32.5%	35.4%	37.0%

Source: Banca Profilo estimates and elaborations on Factset

Multiples changes since April

Consistently with our sample split up, we use the average of EV/SALES 25E-26E at 2.4x-2.1x respectively (vs previous 2.9-2.7x), of the first sub-sample and the average of EV/EBITDA 25E-26E at 13.2x-12.2x respectively (vs previous 10x-8.8x) of the second sub-sample. Arterra trades basically in line on the average EV/SALES, but more than 50% below the mean EV/EBITDA, despite much higher EBITDA margin.

Table 10: Market multiples

Company	EV / Sales		EV / EBITDA	
	2025E	2026E	2025E	2026E
17/10/2025				
BRAIN Biotech	1.1x	1.0x	31.4x	12.1x
Croda	2.7x	2.6x	11.6x	10.6x
Symrise	2.6x	2.5x	12.2x	11.5x
Fermentalg	2.8x	2.5x	n.m.	n.m.
Plant Advanced Technologies	7.8x	7.8x	18.6x	18.6x
Novozymes	5.8x	5.4x	15.7x	14.2x
Codexis	3.4x	2.9x	n.m.	n.m.
Yield10 Bioscience	1.4x	1.4x	n.m.	n.m.
Lonza Group			18.6x	16.3x
Ashland			8.1x	7.4x
OCI NV			-7.3x	-4.9x
Wacker Chemie AG			7.4x	6.6x
Mean best peers	2.4x	2.1x	13.2x	12.2x
Arterra	2.4x	2.1x	6.7x	5.6x
premium (discount) on best peers	-2%	-2%	-49%	-54%

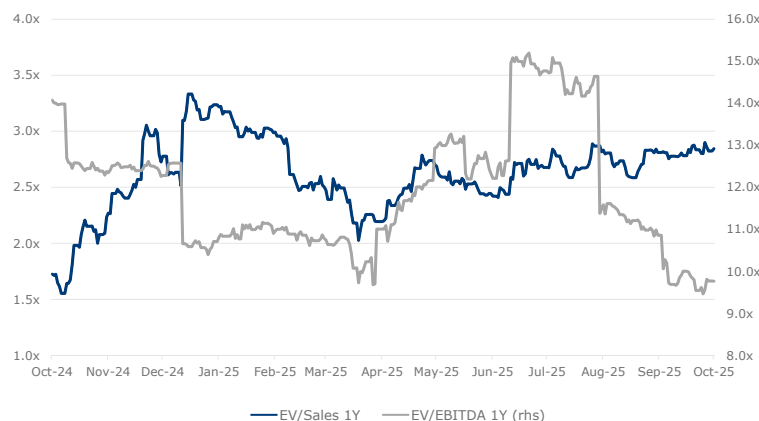
Source: Factset. All multiples are calendarised

Source: Banca Profilo estimates and elaborations on Factset

1-year forward market multiples trends

Over the past year, our Sample's market multiples have risen in terms of EV/SALES 1Y-forward (+65% yoy) to 2.8x and declined in terms of EV/EBITDA 1Y-forward (-30%) to 9.8x. Since our last report in April 2024, the opposite has occurred with a de-rating at EV/Sales level and a re-rating at EV/EBITDA.

Figure 15: Sample market multiples evolution (one year analysis)



Source: Banca Profilo elaborations, Bloomberg

Relative market multiples valuation Equity Value €23.5mln (+6%)

Market multiples valuation includes a 15% liquidity discount and an Equity valuation of Vitalab (at 40% stake) on the mean EV/SALES 2025E at 2.3x (vs previous 2.9x) on its 2024 sales at €1.9mln, leading to a value of €1.9mln (vs previous €2.3). We end up with a relative Equity Value of Arterra at €24mln, which is 9% above our previous €22.1mln as the combined results of i) changes in the market multiples; ii) the introduction of 2026 estimates; iii) lower Vitalab relative valuation; and iv) higher net cash at the end of June.

Table 11: Market multiples valuation

Valuation on market multiples (€/'000)					
Arterra on EV/SALES (business + growth)	2025E	2026E	Arterra on EV/EBITDA (margins + cash flow generation)	2025E	2025E
EV/Sales best peers	2.4x	2.1x	EV/EBITDA best peers	13.2x	12.2x
sales	6,016	6,871	EBITDA	2,131	2,545
net debt June 2025	-5,707				
EV	14,592	14,644	EV	28,036	31,010
Equity Value	20,299	20,351	Equity Value	33,743	31,010
Average Equity Value	26,351				

Vitalab (@ 40%) on EV/SALES		2025E
EV/Sales	2.4x	
sales 2024	1,989	
net debt (adj)		
EV	4,825	
Equity	4,825	
(40% stake)		1,930
Arterra (including Vitalab @40%)		2025E
liquidity discount	15%	
	24,039	
Average 2022E EV/SALES - EV/EBITDA		
	24,039	

Source: Banca Profilo estimates, Factset

Valuation: BUY confirmed 12-month TP to €3.8/share

To summarize, we end up with a DCF equity valuation of €27mln or €4.1/share (1% above our previous Company Update) and with a relative market multiples valuation of €24mln (+9% vs previous Company Update) or €3.6/share. As the average of the two methods, we therefore raise our 12-month target price to €3.8/share from the previous 3.6/share. BUY is confirmed

APPENDIX

Biotech serving the irreversible trend of product sustainability

Arterra: know-how in biological science to develop active innovative and green compounds

Arterra Bioscience is an Italian, innovative SME, research-based biotech company with a strong know-how in biological science and an extensive experience in screening for the discovery of new active compounds with potential multiple industrial applications, such in Cosmetics, Nutraceutical, Agriculture and Agri-food. By studying signal transduction mechanisms in plants, animals and human cells, Arterra uses its technological platforms to verify the existence of molecular activity in various types of natural resources, which might have simultaneous industrial applications.

Figure 16: Biotech sources of research and fields of application



Source: Company Data

Arterra: strong know-how and experience for simplifying needs of many industries in the persisting search for clean substitutes to chemicals

Arterra's research activity is focused on the so-called Green Biotech (from plants and agricultural processes to innovative active ingredients) and White Biotech (from raw materials to valuable compounds). Other Biotech sources of research are: the sea and its organism (Blue Biotech) and genetics (Red Biotech). Arterra also uses algae and microalgae in the Blue Biotech, whereas from Red Biotech it acquires data on genetics and drug discovery and uses them for potential innovation and discovery addressable to other needing sectors. Arterra's main areas of activity are technological screening platforms; plants and cellular farming to brew or modify to obtain rich molecules; process innovation mostly in the extraction phases.

Arterra's bio factories and biomass production have applications in various fields simultaneously: the Company's core and current end market is Cosmetics, whereas new and potential sectors are Nutraceuticals, functional food and Agri-food processing

Arterra: ready to serve the most active sectors in the global trend to sustainability.

The global industry is in an irreversible trend of finding ways to sustainable products and processes. Arterra is ready to serve the most active sectors in this global trend, through both its innovative technologies and its range of bio-sustainable active ingredients that can be applied not only to various end-markets but also to different segments in the same sector (from mass green to prestige luxury products, mostly in Skincare).

Ongoing research projects on rich

The most active market is Cosmetics, Arterra's core end-market, followed by Pharmaceutical, Nutraceutical, Agriculture and Agri-food.

biomolecules for application in:**Medical Devices****Nutraceutical****Agriculture****Agri-food**

The Pharmaceutical industry is investing in new applications using natural ingredients which are easier to be absorbed by the organism. Arterra has several ongoing research projects to find ways to add natural ingredients in the recipes of different Medical Devices (like any product that acts physically and mechanically, not biologically), mostly treatments addressed to the gastrointestinal, respiratory, and nervous systems.

The Nutraceutical industry is experiencing a growing demand for food supplements to add to one's diet, when lacking some key nutrients. Arterra is developing methods to enhance quality and concentration of natural ingredients to be added to food supplements based on solid research, effective screening, and robust tests.

Agriculture is gradually shifting towards sustainability as consumers are increasing their attention towards organic food and key players are introducing sustainable techniques for producing and protecting crops in place of chemical pesticides and fertilizers. Arterra is developing tools to enhance the use of bio solutions for pest control, for protecting the plants from climate stress, for quality improvement.

In the Agri-food industry there is a strong and increasing interest in natural food preservatives and additives as consumers' attention on both the production and conservation of food has been significantly increasing. Main players have begun investing in biological molecules that can act as natural preservatives or coloring. Arterra is working on various active ingredients acting as antioxidants to be used for natural preservation of fresh food.

Arterra's core end-market: Cosmetics

Cosmetics is Arterra's core end-market, reached both through a partnership agreement with Intercos, which buys Arterra's active compounds and put them into its formulas, (mostly sold to make-up and skincare global brands of various positioning, from mass, to private label to prestige brands), and an equity co-participation in the joint venture Vitalab (25% Arterra and 75% Intercos), which distributes Arterra's active ingredients mostly to skincare multinational global and luxury global brands. In 2022, the turnover coming from Cosmetics (skincare) was 60% of revenue, the remaining coming from Research contracts and other Services.

High productivity and quick time to market the active compounds in skincare

The productivity of the active compounds used in Skincare is particularly high: 1kg of active compound produces from 200kg (in the suggested formulas) to 1000kg of final product (if used for mass market/marketing purposes). The time to market in Cosmetics is shorter than in other end markets: from 3 to 6 new active ingredients have been released every year, which compares to 3 to 5 years in Agriculture, as an example.

Arterra : overview and business model

History, overview and activities

Founded in 2004 by Gabriella Colucci in Naples, as a spin-off of Arena Pharma Biology division (San Diego, USA). A key partner for bio innovation to various end-markets

Arterra Bioscience was founded in 2004 in Naples by Gabriella Colucci, an Italian Scientist who returned to Italy after more than four years as Senior Research Scientist at Arena Pharmaceuticals (a listed company on NASDAQ), leading the Plant Biology Team. Arterra is a spin-off of Arena Pharmaceuticals from which it took the biotechnology developed by Ms. Colucci during the years spent in the US Company. Arterra started bio research for industrial applications more than 15 years ago, anticipating an urgent need, a mandatory and irreversible global trend today. Other than being Ms. Colucci native city, Naples has been chosen as Arterra's headquarter for: i) its competitive R&D costs (including labour, leasing, transportation, and utilities); ii) being in the South and thus having an easier access to substantial support by the EU funds for Bioscience research; iii) the local presence of accredited universities and Research Centers from which highly qualified scientists come out.

From a small research group to a

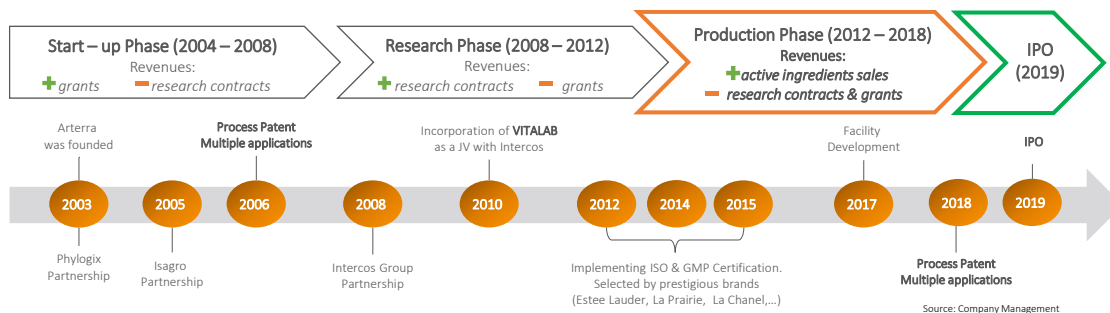
At the beginning of its activity, in 2004, Arterra's main sources of revenue were the research grants from public institutions (Regione Campania, MISE, MIUR and the European Union). In

profitable biotech company

2005, Isagro invested a 22% stake in Arterra and became financing the bio research for innovation in Agriculture. Arterra's first patent was in this field, but immediately the Company discovered its perfect fit and application to Cosmetics. In 2007, research grants contributed about 55% and research contracts for less than 20% of total revenue. Starting from 2008, both the agreement with Intercos for developing new active compounds for skincare and the setting up of the joint venture, Vitalab, for the distribution to clients different from Intercos', marked the shifting of revenue from mainly public research grants to research contracts.

In 2022, turnover for the selling of active compounds contributed for almost 60% of Total Revenue, that for research contracts weighed 11% and public grants 33%. Starting from 2017, the bio facility was extended and further developed and Arterra started the production of new active bio ingredients for different end-markets, thanks to a new process patent with multiple industrial applications. Starting from the second half of 2019, the first round of significant investments, using IPO proceeds, have been made for doubling production capacity and optimizing production processes. Moreover, the organizational structure has been strengthened by appointing: an R&D coordinator (V. Fogliano), Chief Operating Officer (G. Ferrante), a Grant & IP Director (M. Bimonte), a Cell & Molecular Biology Director (A. Tito) and a business developer (B. Cicatiello).

Figure 17: from a research group to a profitable biotech company



Source: Company Data

Research and technology to get active ingredients from food and agriculture waste. Plant extraction and Agri-food by-products in-house.

From 1kg of raw materials to >5kgs of active ingredients and up to 1000kgs of skincare finished goods

Profitability and production capacity are main reasons to choose between product Production or IP Licencing

Supported by an excellent research and tech team (most of them hold a Phd in Biology, Biotech, LifeScience or Genetics) and by the long experience and endless passion of Gabriella Colucci, Arterra uses cells from plants or algae as bio-factories to extract and produce, through sustainable procedures, active and valuable molecules (Plants Extraction production process). Typically, from 1kg of raw materials the transformation process can obtain more than 5kgs of finished product. Moreover, Arterra uses waste from food and agriculture to search for and develop new active ingredients (Agri-food by-products production process). The Agri-food by-products in-house transformation and production process to get to active compounds from food and agriculture waste includes: Agri-food-by-products, washing and freezing phases, extraction, lyophilization, and dissolution in glycerol. Typically, from 1kg of raw materials the upcycling transformation process can obtain about 10kgs of finished product (creating value from food waste, much more than simply recycling food waste). Furthermore, depending on the quantity of active compounds used in the products formulas (skincare products, in Cosmetics, for example), 1kg of active compounds can lead to 200kgs (luxury, prestige skincare product) up to 1000kgs of finished goods (mass market, marketing-based skincare product).

To summarize, Arterra's revenue comes from different sources: research grants, research contracts, product selling and licencing royalties.

Active compounds might be either produced and sold or their related in-house Intellectual Property (IP) might be licenced out. The decision depends on end-market applications. Typically, Cosmetics is a high-tech industry, made of small volumes, but very high margins; thus, it can be well served with Arterra's ingredients. Opposite, Agriculture is typically made of

large volumes, low margins, and a very long time to market; it can be well served by Arterra's Ips licencing.

Moreover, in terms of time to market, in Cosmetics this is much quicker than in any other industry: 3 to 6 new active compounds are introduced every year in Cosmetics, whereas in Agriculture the time for a new active ingredient to land on the market can range from 3 to 5 years.

Figure 18: Arterra's reach of global brands in Cosmetics



Source: Banca Profilo on Company data

Key partnerships:
Isagro and Intercos

In Agriculture, Arterra has been selected by Isagro, that in 2005 invested directly a 22% stake, which went down to 16.5% after the IPO. Isagro has become the right channel for the licencing of Arterra's patented technology in Agrochemical. However, so far, no significant bio-solutions have been applied to Agriculture. In 2020 Isagro was acquired by Gowan, a worldwide provider of agricultural products and in April 2022 Isagro disposed the whole stake increasing Arterra floating shares.

In Cosmetics, Arterra has been selected by Intercos as its research partner and preferred supplier of innovative active ingredients to be applied especially in skincare. According to their agreement, Arterra has a research contract with Vitalab worth more than €500k to develop three active ingredients every year; in the first year Intercos has the exclusive right to use the active ingredients in its products; starting from the second year the active compound is commercialized through Vitalab. Intercos owns 8.7% of Arterra.

The distribution in Cosmetics is demanded to Intercos and Vitalab.

Clients range from multinational to SME, from mass to prestige skincare or make up brands

Intercos and Arterra founded the commercial joint venture, Vitalab, with the purpose of distributing Arterra's active compounds into the global cosmetic market. Arterra owns 25% of Vitalab with a call option up to 40%, whereas Intercos owns the remaining 75%. According to their agreement, Arterra's ingredients for Cosmetics products are sold through either Intercos or Vitalab, which interact directly with global brands. Thanks to this agreement, Arterra can reach multinational global and prestige brands, make-up and skincare brands having a mass to private labelled to luxury positioning thanks to multiple and democratic applications of Arterra's valuable molecules. In 2019, Arterra core Cosmetics end-market weighed 60% of total turnover and Intercos' contribution was over 80%. Vitalab significantly increased its contribution from €1.3m in 2019 to almost €3m in 2021.

Figure 19: Arterra with Intercos and Vitalab in Cosmetics



Source: Company data

A scalable and profitable business model

Biomass production is a replicable and low cost process allowing outstanding yields

Arterra's business model is scalable: R&D activity is for either production and sales of active ingredients (through Intercos and Vitalab) or for licensing to third parties in-house developed Intellectual Property (IP) to be applied simultaneously to different end markets and positioning (cross sector, cross technology and from mass to luxury products). Applications vary from the anti-age compounds in Cosmetics, to natural pesticides in Agriculture to natural preservatives in fresh Food to a bio gastrointestinal defender in Medical Devices. The business model is profitable as biomass production to get innovative active ingredients is a very low-cost process. Bio-factories allow for outstanding yields with relatively limited expenses and investments. Typically, from 1kg of plant stem cells, Arterra's bio farms produce more than 5kgs of active compound, via cells reproduction, that can be sold in a range of 4x to 10x the cost of raw materials. In the same way, from 1kg of Agri-food by-products Arterra's bio farms can typically develop about 10kgs of active ingredients that can be sold between 20x and 50x the cost of raw materials.

Figure 20: Profitable and scalable business model



Source: Company Data

In addition, the distribution phase of the value chain and the reach of global brands, mainly in Cosmetics, is set on a win-win partnership with Intercos and through an equity participation (together with Intercos) in the commercial joint venture Vitalab.

No investment in sales force is made with the focus on research and tech scientists.

Shareholders, Board of Directors and managers: long experience and sounded know-how

Key partnerships:
Isagro, Intercos and Vitalab

In 2005, Isagro acquired a 22% of Arterra to partner for research-based bio innovation in Agriculture. In 2008, Arterra signed an agreement with Intercos and became its biotech research arm in Cosmetics. Arterra develops 3 active compounds every year in either Skincare or Make up. The active ingredients are bought by Intercos that is for exclusive use for the first year; thereafter, the same ingredients are distributed globally through the joint venture Vitalab (25% owned by Arterra - with an option to go up to 40% and with the right to receive 40% of Vitalab's distributed income - and the remaining by Intercos).

Listed in 2019 at €2.6

In 2019, Arterra was listed on the Euronext Growth segment of the Italian Stock Exchange at €2.6/share. The share capital is represented by 6.66mln shares. Through the IPO process, Intercos became a shareholder in Arterra.

€6.6mln shares

48% floating

The Company is currently owned by:

- the founder Gabriella Colucci with 27.9%;
- Alberto Previtali with 15.2%;
- Intercos with 8.7%;

Floating shares are then 48% of the total.

Gabriella Colucci:
Founder, Chairman and CEO

Arterra's founder, Gabriella Colucci built more than 30 years of Academic research experience in Italy, Nigeria, USA and Australia. She is the author of more than 40 scientific publications and 18 patents. She worked for 10 years in San Diego, of which 5 at the University of California and 4 years as Senior Research Scientist at Arena Pharmaceuticals, leading the Plant Biology

A rare mastermind leaving US and returning to Italy

group. In 2003, she left San Diego and returned to its native Naples, where she founded Arterra Bioscience, as a spin-off of Arena Pharmaceuticals. She won the Marisa Bellisario Prize, the EU Prize for Women Innovations in 2018 and the Rising Star in Cosmetics Global in 2019.

The Board of Directors renewed in April 2025

In April, the Shareholders have appointed the BoDs for 2025-2027 which consists of 5 members: Gabriella Colucci (founder, Chair and CEO), Gualtiero Iomo (CFO, IR Manager), Giuseppe Ferrante (COO), Alberto Previtali and Pof. Lucio Annunziato, this last as independent board member.

Focus on: research and production processes optimization

Over €4mln capex since 2019 to enhance research capabilities, scale up production and increase productivity

Since 2019, Arterra has increased its production capacity and research activity investing over €4mln. The Company extended its production plant, bought additional equipment, and invested in technology to enhance cellular growth. Among relevant investments: i) equipment for “ex vivo” tests on skin and human tissues for innovation in Nutraceutical and medical devices; ii) new lyophilizes; iii) expanding chemical laboratories for cellular growth. Since 2024, over €900k investment have been made in Headquarter expansion and new equipment. These investments led to an increase in productivity from 21kgs/day in 2021 to current 75kgs/day.

Figure 21: Arterra facilities



Source: Company data

Simplifying and streamlining research and production processes

In 2020-2022 Arterra strengthened its organization by appointing a COO (Giuseppe Ferrante), an R&D Coordinator (Vincenzo Fogliano), a Grant & IP Director (Marida Bimonte) and a Cell & Molecular Biology Director (Annalisa Tito). At the end of June 2025, Arterra and Vitalab Team consisted of 42 employees and 2 PhD students, of which 33 women, including 13 PhDs, 2 Chemical Engineers, 11 with a Master of Science and the remaining with either a bachelor's degree in science or a Tech Diploma.

Figure 22: Arterra top management

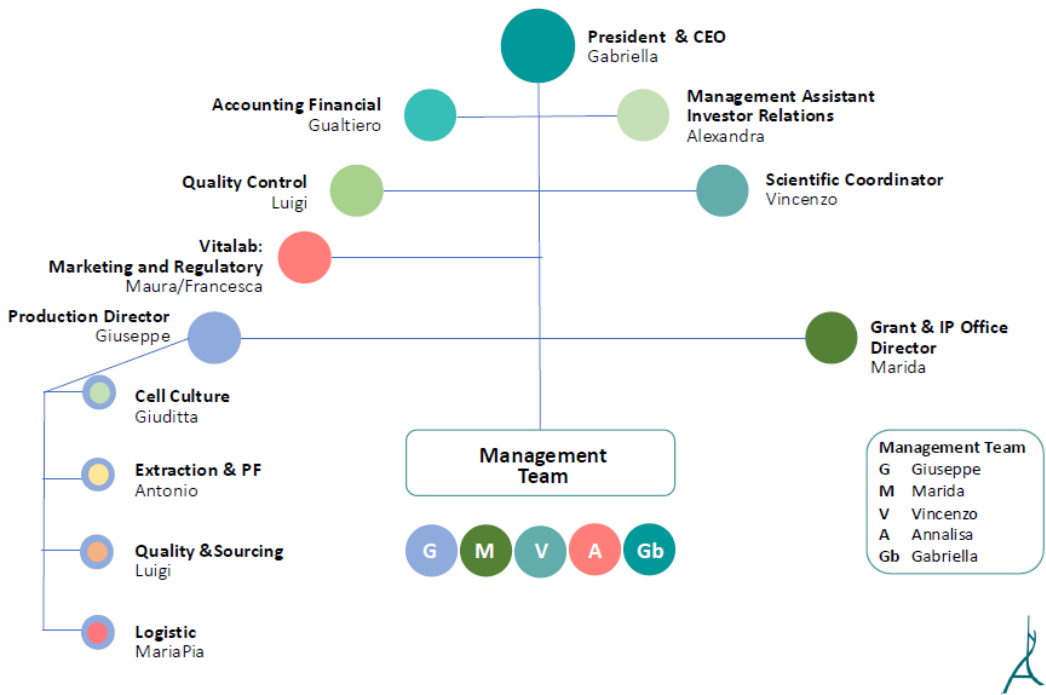


Source: Company data

Introducing Middle Management for better Research process transmission

In 2023, Arterra introduced a new organizational layer, the Middle management, to streamline research and production processes. Within this new organization, research ideas arise from multidisciplinary research units with all processes managed by an internal technical-scientific Committee. This process is constantly on track to catch new opportunities.

Figure 23: Arterra top management



Source: Company data

Each research unit is market oriented, and the scientific idea must be brought to either a product or a technology. In Cosmetics, the time to market is between 3-4 months.

Figure 24: Arterra research process – from the idea to the product



Source: Company data

ESG analysis

Sustainability report

ESG and the Sustainability of Competitive Advantage

Every active investor seeking value should be aware of how companies deal with environment, social and governance issues, since these are factors that can improve corporate value. In a world where companies are increasingly facing environmental issues, such as climate change and pollution, as well as social factors such as diversity and inclusion, gender balance and product safety, attention to ESG issues has become a competitive advantage.

Arterra: Sustainability Report

To best involve stakeholders and to communicate in an increasingly transparent way its ESG goals, Arterra published its Sustainability Report in accordance with both GRI and SDGs standards.

Sustainability for Arterra

Arterra, a biological and molecular R&D company applied to cells of natural origin

Beyond sustainability standards and goals, Arterra naturally generates positive externalities with its core activities. In fact, the Company operates in the Research and Development of biological molecules to extract innovative active ingredients mainly for Cosmetics, but with potential applications in Agriculture, Nutraceuticals and Pharmaceutical. Arterra has always focused on green biotechnologies as a tool for sustainable innovation and a potential boost to the circular economy. The Company develops sustainable products, such as active ingredients from plant-based raw material and uses certified sustainable production processes.

Arterra is leader in biological and molecular research on plant-based raw materials

Arterra's main production process consists of the processing of raw materials in liquid culture, a process free of any type of microbiological contaminant or environmental pollutant. Raw materials are 100% natural, the remaining being synthetic. To increase the incidence of natural raw materials and seek constant innovation, Arterra has recently launched a project in collaboration with Montecarlo Fruit, a supplier of quality fruit and vegetables on a global scale, for producing active ingredients from fruit waste.

Materiality assessment

Arterra carried out a Materiality Assessment to identify priority sustainability disclosure items, set most relevant issues for the Company and its stakeholders, and finally to decide which issues should be included (and updated) in the Report.

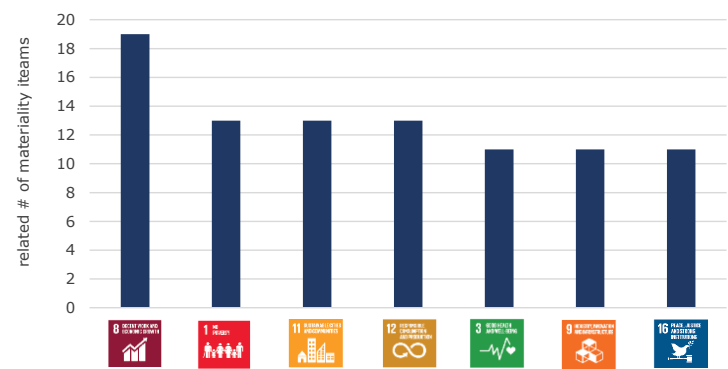
SDGs vs corporate goals: n. 8, 1, 11, and 12 are those Arterra is more sensitive to

By relating the material topics identified through the Materiality Map to the seventeen Sustainable Development Goals (SDGs), it emerges that SDGs 8, 1, 11, and 12 are the most sensitive ones for Arterra.

- Goal 8 promotes inclusive and sustainable economic growth as well as decent work for all. This goal is particularly sensitive for the Company as Arterra guarantees higher levels of economic productivity mainly through technological upgrading and R&D, promotes development-oriented policies that support productive activities, decent job creation, creativity, and innovation. Moreover, Arterra particularly cares to progressively improve global resource efficiency in production and responsibly select suppliers.
- Goal 1 promotes poverty everywhere. Arterra promotes this goal mainly by implementing appropriate social protection systems and granting equal rights to economic resources.
- Goal 11 makes cities and human settlements inclusive, safe, resilient, and sustainable. Arterra promotes this goal mainly thanks to the strong connection with the Neapolitan and Campania territory, from which Arterra obtains natural raw materials used in its processes. Arterra is also promoter of Est(ra)Moenia, an association aimed at implementing projects that enhance the Naples surrounding areas and East Naples.

- Goal 12 ensures sustainable consumption and production patterns. Arterra promotes this goal by achieving sustainable management and efficient use of natural resources and the sound management of chemicals and all wastes throughout their life cycle.

Figure 25: Raw materials breakdown between natural and synthetic ones



Source: Banca Profilo on Company data

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Arterra "ID Card"

Recommendation

BUY

Target Price

3.8 €

Upside

28%

Company Overview

Arterra Bioscience is an Italian research-based biotech company with a strong know-how in biological science and an extensive experience in screening for the discovery of new active compounds able to have various potential industrial applications in multiple end markets, such as cosmetics, nutraceutical, agriculture and agrifood. By studying signal transduction mechanisms in plants, animals and human cells, Arterra uses its technological platforms to verify the existence of molecular activity in various type of natural resources (from plants, to microalgae to food waste), which might have simultaneous industrial applications. Arterra, thus, represents an ideal partner to cross-sector companies who have not the financial or cultural strength to develop innovative technologies and bio-sustainable products, mainly in Cosmetics (from skin care to functional make up and Haircare), Aesthetic Medicine (through plant exosomes), Food (supplements, functional food, natural preservatives), Medical Devices (acting on stomach, skin, brain, breathing and vascular systems), and Agriculture (crop protection and yield enhancement). Since its foundation in 2004 Arterra has been showing strong revenue growth (>20%) and robust EBITDA, in a competitive scenario of international players with negative marginality.

SWOT Analysis

Strengths

- Outstanding R&D and high qualified Technology team
- A global market reach with limited sales force investments thanks to the partnership with Intercos and the equity participation in Vitalab
- Scalable business model as products and in house developed Ips can be applied simultaneously to different end-markets
- Profitable business model since its set up for a very low cost of raw materials and an effective and light organizational structure

Weaknesses

- Small size of the business
- End-markets concentration
- Non-optimized financial structure

Opportunities

- Bioscience great momentum as product sustainability has become the key mission of many industries
- Significant growth potential and resilience of Arterra's main end-market, the cosmetic industry

Threats

- Effective end-markets diversification within the planned time frame
- Potential difficulty in maintaining the independence from global multinational brands

Main catalysts

- 👍 Profitability improvement driven by the scaling up of production
- Significant growth fuelled by the needed bio innovation across industries
- Growing demand for functional make-up and Haircare
- Rich opportunities in Medical Devices and Agri-food
- Surging demand in Medical Aesthetics

Main risks

- 👎 Effective end-market diversification within the business plan time frame
- Becoming dependent on global multinational brands
- China's path of recovery



Arterra
"ID Card"

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Recommendation

BUY

Target Price

3.8 €

Upside

28%

Main Financials

(€/000)	2021	2022	2023	2024	2025E	2026E	2027E
Total revenue	4,608	5,303	4,951	5,266	6,016	6,871	7,848
yoy change	35.6%	15.1%	-6.6%	6.4%	14.2%	14.2%	14.2%
EBITDA	1,735	2,133	1,591	1,712	2,131	2,545	3,031
EBITDA margin (%)	37.7%	40.2%	32.1%	32.5%	35.4%	37.0%	38.6%
EBIT	1,248	1,601	1,059	1,373	1,686	2,024	2,451
EBIT margin (%)	27.1%	30.2%	21.4%	26.1%	28.0%	29.5%	31.2%
Net income	1,111	1,414	1,076	1,337	1,781	2,194	2,543
Margin (%)	24.1%	26.7%	21.7%	25.4%	29.6%	31.9%	32.4%
Adjusted net debt (cash)	(4,199)	(5,502)	(5,672)	(5,555)	(7,209)	(8,222)	(9,148)
Shareholders Equity	9,473	10,467	10,752	11,423	12,357	13,299	14,301
Net Operating Working Capital	1,798	2,648	2,617	4,139	3,846	3,923	4,208
Capex and acquisitions	609	184	83	612	450	300	300
Free Cash Flow	385	778	1,328	(697)	1,636	1,762	1,955

Company Description

Company Sector	Health Care - Biotech
Price (€)	3.0
Number of shares (mn)	6.7
Market Cap (€ mn)	19.8
Reference Index	Euronext Growth
Main Shareholders	Gabriella Colucci, Previtali
Main Shareholder stake	27.9%
Free Float	48.2%
Daily Average Volumes	16,687
Sample of comparables	BRAIN, Croda, Symrise, Deinove, Evolva, Fermentalg, Plant Advanced Technologies, Novozymes, Codexis

Breakdown by business unit

(% of total sales)	2021	2022	2023	2024	2025E	2026E	2027E
Cosmetic turnover	71%	56%	53%	67%	68%	69%	70%
Research contracts and services	12%	11%	14%	12%	12%	12%	12%
Research grants	17%	33%	33%	21%	20%	19%	18%
Total revenue	100%	100%	100%	100%	100%	100%	100%

Data of peers

	2021	2022	2023	2024	2025E
Revenue Growth (yoy)	51.7%	32.3%	-46.1%	-1.0%	11.2%
Arterra	7.0%	15.1%	-6.6%	6.4%	14.2%
EBITDA Margin	29%	29%	24%	23%	23%
Arterra	38%	40%	32%	33%	35%

Average data

Solvability Ratios

	2021	2022	2023	2024	2025E	2026E	2027E
Net debt (cash) / EBITDA	-2.4x	-2.6x	-3.6x	-3.2x	-3.4x	-3.2x	-3.0x
Net debt (cash) / Equity	-0.4x	-0.5x	-0.5x	-0.5x	-0.6x	-0.6x	-0.6x

Multiples of peers

	2025E	2026E
Best peers (business and potential growth)		
EV / SALES	2.4x	2.1x
Arterra	2.4x	2.1x
Best peers (margins and cash flows)		
EV / EBITDA	13.2x	12.2x
Arterra	6.7x	5.6x

Financial and Operative ratios

	2021	2022	2023	2024	2025E	2026E	2027E
Tax rate	-13%	-21%	-17%	-21%	-20%	-20%	-20%
ROIC	24%	32%	21%	23%	33%	40%	48%
ROE	12%	14%	10%	12%	14%	16%	18%
Capex/Sales	13%	3%	2%	12%	7%	4%	4%
D&A to capex	80%	290%	644%	55%	99%	173%	193%

Source: Factset, Banca Profilo estimates and elaborations, Company Data, Factset



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